MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

BAB2024 – MANAGEMENT ACCOUNTING FOR MANAGERS

(All sections/Groups)

13 JULY 2023
9.00 a.m – 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 5 pages with 4 questions only.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

The following data have been taken from the accounting records of Lara Corporation for the just completed year end on 30 April 2023 April,30.

	RM
Sales	1,500,000
Purchases of raw materials	200,000
Indirect materials for production	35,000
Direct labour	230,000
Other manufacturing overhead	210,000
Administrative expenses	65,000
Selling expenses	14,000
Raw materials inventory, beginning	62,000
Raw materials inventory, ending	74,000
Work in process inventory, beginning	30,000
Work in process inventory, ending	90,000
Finished goods inventory, beginning	15,000
Finished goods inventory, ending	25,000
Utilities expenses	62,000
Rent on factory facilities	32,000
Depreciation factory equipment	40,000
Supplies for general office	2,000
Supplies for factory	45,000
Indirect factory labour	15,000
Maintenance factory equipment	20,000

35% of utilities expenses apply to factory operations.

Required:

a. Prepare a Schedule of Cost of Goods Manufactured for the year ended 30 April 2023. (15 marks)

b. Compute the Cost of Goods Sold and the Income Statement for the year ended 30 April 2023. (10 marks)

(Total: 25 marks)

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QUESTION 2
Part A

Suasana Corporation uses the weighted-average method in its process costing system. This month, the beginning work in process inventory in the first processing department consisted of 7,000 units. A total 9,200 units were started into production. The costs and percentage completion of these units in the beginning inventory were:

Description	Cost (RM)
Material Cost	60,000
Labour Cost	22,000
Manufacturing Overhead cost	32,000

The beginning inventory was 100% complete with respect to materials and 45% complete with respect to conversion costs.

A total of 7,100 units were transferred to the second processing department during the month. The following costs were incurred in the first processing department during the month:

Materials costs ..... RM 94,000
Conversion costs ..... RM 52,000

The ending inventory was 100% complete concerning materials and 40% complete with conversion costs.

Required:

a) Determine the equivalent units of production for materials and conversion costs. (4 marks)

b) Determine the unit costs of production. (4 marks)

c) Show the assignment of costs to unit transferred out and in process. (2 marks)

d) The following are the selling and distribution activity-cost pools and their corresponding activity drivers for the year 2022:

Activity	Cost (RM)	Cost driver
Marketing	1,520,000	RM6,550,000 of sales
Customer service	250,000	50,000 customer
Warehousing	54,943	265 product lines

Determine the activity-cost-driver rate for each of the activities stated above. (6 marks)

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PART B

A manufacturing company produces customised furniture for residential and commercial clients. The company incurred the following costs during the month of March:

Description	Cost (RM)
Direct materials	150,000
Direct Labor	89,000
Manufacturing Overhead	32,000

The company completed two jobs during the month: Job A and Job B. The costs associated with each job are as follows:

Job A:

Direct materials used: RM58,000
Direct labour costs: RM 32,000
Factory overhead costs: RM 18,000

Job B:

Direct materials used: RM 92,000
Direct labour costs: RM 57,000
Factory overhead costs: RM 14,000

Job A consisted of 1,200 chairs for a commercial client, while Job B consisted of 600 tables for a residential client.

Required:

a) Calculate the total cost of Job A and Job B and determine what is the cost per unit for each job. (9 marks)

(Total: 25 marks)

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QUESTION 3

Part A

Rita Inc sells handcrafted leather wallets for RM80 per unit. The information of the wallet for the year 2022 as follows:

	RM	RM
Sales (4,000 units at RM80 per unit)		320,000
Less manufacturing costs:		
Direct materials	40,000	
Direct Labour	32,000	
Variable factory overhead	15,000	
Fixed factory overhead	38,000	125,000
Gross margin		195,000
Less selling and other expenses:		
Variable selling and other expenses	28,000	
Fixed selling and other expenses	36,000	64,000
Net operating income		131,000

Required:

a. Compute the company's monthly break-even point in units of product. (2 marks)

b. Calculate the company's monthly net operating income, if unit sales increased by 10% and there is no change in total fixed expenses. (6 marks)

c. Calculate amount of sales in Ringgit that the company must achieve in order to earn a net operating income of RM 30,000 per month. (3 marks)

d. The company has decided to outsource certain operations. The change will reduce direct labour costs per unit by RM2 but double the cost for fixed factory overhead. Compute the new break-even point in units. (6 marks)

e. Explain the assumptions underlying CVP analysis. (4 marks)

f. Discuss how does CVP analysis help in determining the contribution margin of a business? Explain the contribution margin formula and its significance. (4 marks)

(Total: 25 marks)

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QUESTION 4

Alim Enterprise produces and sells electronic batteries, EB 202. The 2022 sales forecast is as follows:

Quarter	EB 202 (unit)
1	6,000
2	7,000
3	9,000
4	11,000

On 1 January 2022, inventory of EB 2022 is 4,000 unit. Management desires an ending inventory for each quarter equal to 60% of the next quarter sales. Sales for first quarter 2023 are expected to be 30% higher than sales in the same quarter in 2022. Alim maintains an ending inventory of raw materials equal to 40% of the next quarter's production requirements. The selling price per unit for EB 202 is RM 12.

Other information provided as follows:

Description	Raw materials
Direct material per unit (kilogram)	2
Unit to be produced on Q1 2023	10,400
Cost per kilogram	RM4
Opening balance of raw materials in Q1 2022 (Kilogram)	1200

Required:

a) Prepare the following budget for the year 2022.
   (i) Quarterly sales budget
   (ii) Quarterly production budget
   (iii) Quarterly direct material budget

(20 marks)

b) Briefly explain THREE (3) reasons why incremental analysis is important for the business. (5 Marks)

(Total: 25 marks)

End of Paper